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Endogenous timing in a mixed oligopoly with semipublic firms

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Abstract An endogenous order of moves is analyzed in a mixed market where a firm jointly owned by the public sector and private domestic shareholders (a semipublic firm) competes with n private firms. We show that there is an equilibrium in which firms take production decisions simultaneously. This result is strikingly different from that obtained by Pal (Econ Lett 61:181–185, 1998), who shows that when a public firm competes with n private firms all firms producing simultaneously in the same period cannot be sustained as a Subgame Perfect Nash Equilibrium outcome. Our result differs from that of Pal (Econ Lett 61:181–185, 1998) for two reasons: firstly, we consider that there is a semipublic firm rather than a public firm. Secondly, Pal (Econ Lett 61:181–185, 1998) considers that the public firm is less efficient than private firms while in our paper all firms are equally efficient.

Keywords Endogenous timing · Mixed oligopoly · Semipublic firms · Cournot competition

JEL Classification L33 · L13

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